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FM AMEMBASSY YEREVAN  
TO RUEHC/SECSTATE WASHDC 2315  
INFO RUCNCIS/CIS COLLECTIVE  
RUEHKB/AMEMBASSY BAKU 0770  
RUEHMO/AMEMBASSY MOSCOW 0992  
RUEHSI/AMEMBASSY TBILISI 1615  
RUEHLMC/MILLENNIUM CHALLENGE CORP

C O N F I D E N T I A L SECTION 01 OF 02 YEREVAN 000130

SIPDIS

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DEPT FOR EUR/CACEN

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SUBJECT: ENERGY: ARMENIA GEARING UP FOR EXPORTS TO GEORGIA

REF: A) YEREVAN 127 B) YEREVAN 119 C) YEREVAN 110 D)

YEREVAN 98

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Classified By: DCM A.F. Godfrey for reasons 1.4 (b, d).

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SUMMARY  
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1. (C) Natural gas from Russia reached Armenia on January 30, just as Armenia depleted its useful reserves. At full capacity (delivering 375 thousand cubic meters per hour) by early morning January 31, the pipeline has now pressurized sufficiently to restart thermal units in Hrazdan, a process Armenian energy officials expect to complete by late-afternoon January 31. Coupled with the country's major source of electricity (the Armenian Nuclear Power Plant), the Hrazdan units will produce enough electricity to cover Armenia's demand as well as generate a surplus to export to Georgia. While Armenian officials wait for the Hrazdan thermal power plant boilers to heat, Armenia has begun energizing two power lines (a process which can take several hours) to Georgia (one through Alaverdi to Tbilisi and one through Ninots Minda (Georgia) to Georgia's ethnic Armenian-populated region of Javakheti). Deputy Minister of Energy Iosef Isayan told us on January 31 that it would only be "a matter of hours" until Armenian electricity reached Georgia, "right now, it's more about them than us. We have enough electricity," he told us. End Summary.

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RUSSIAN GAS REACHES ARMENIA JUST IN TIME  
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2. (SBU) ArmRosGazProm spokeswoman Shushan Sardaryan confirmed that Natural gas from Russia reached Armenia on January 30, just as Armenia depleted its useful reserves. At full capacity (375 thousand cubic meters per hour) by mid-day January 31, the pipeline has pressurized sufficiently to restart thermal units in Hrazdan which, when coupled with the Armenian Nuclear Power Plant (ANPP), produce enough electricity to cover Armenia's demand as well as surplus to export to Georgia.

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ARMENIA GEARING UP TO EXPORT ELECTRICITY TO GEORGIA  
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3. (SBU) On January 31, Armenia began energizing two power

lines (a process which can take several hours, according to engineers working on the lines) to Georgia (one 220 kW line capable of conveying a constant 100 megawatt load through Alaverdi to Tbilisi and one 110 kW line capable of conveying a 25 megawatt load through Ninots Minda (Georgia) to Georgia's ethnic Armenian-populated region of Javakheti). Deputy Minister of Energy Iosef Isayan told us on January 31 that it was only "a matter of hours" until Armenian electricity reached Georgia.

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GAS CONSUMPTION LIKELY TO RETURN TO NORMAL LEVELS  
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14. (C) PA Consulting's Deputy Chief of Party Armen Arzumanyan, who has worked with Armenian energy regulators for several years, told us he expects Armenia's gas consumption to return to normal levels (about 6.7 million cubic meters daily, up from January 30 rationing levels of approximately 3.5 mcm) or possibly "increase to about 7 million cubic meters" daily given the extreme cold. Arzumanyan said that, for technical reasons associated with gas compression in cold weather, Armenian energy officials would likely forgo what would amount to "wasteful" efforts to refill the country's strategic reserves until warmer weather.

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COMMENT: EXPORTS TO GEORGIA THE RIGHT THING TO DO  
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15. (C) With a major energy crisis averted here, Armenian officials will now focus renewed efforts on diversifying their energy supply, a step that unfortunately has the potential to enhance the Armenian-Iranian courtship. Armenia's commitment to export electricity to Georgia -- a step we have encouraged our GOAM interlocutors to take -- is encouraging, and we will continue to monitor Armenia's progress in helping its neighbor to the north.

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